

LAWSON & PERSSON, P.C.

INTELLECTUAL PROPERTY SERVICES

Attorney Michael J. Persson (Mike) is a Registered Patent Attorney and practices primarily in the field of intellectual property law and litigation. The following materials are intended to provide an overview of Mike's practice.

PATENTS

Patent Searching

Patent searches may be performed for many reasons and in many different ways and may or may not be followed by the preparation of an opinion. The principal types of searches are:

- *Infringement searches*: Performed prior to selling a new product to insure that the product does not infringe any third party patents. Infringement searches focus specifically upon the claims of issued, unexpired, United States patents. An opinion is typically prepared in connection with an infringement search to serve as evidence of good faith in the event of a future finding of infringement.
- *"State of the art" searches*: Performed prior to undertaking research or development of a new product, "state of the art" searches are intended to provide insight into current methods and/or products, allowing companies to focus efforts on designing around existing patents. A "state of the art" search includes all prior art, including expired patents, foreign patents, publications, and prior products. Depending upon the needs of the client, a state of the art search will be followed by a "design around" opinion, a brief synopsis of the patents uncovered, or simply a cover letter accompanying copies of patents.
- *Validity searches*: Performed during patent litigation in order to find art to invalidate an asserted patent. Like "state of the art" searches, validity searches include all prior art, including expired patents, foreign patents, publications, and prior products. An opinion is typically prepared in connection with a validity search to serve as evidence of good faith in the event of a future infringement.
- *Patentability searches*: Conducted prior to filing of a patent application in order to determine whether a new invention is patentable, this is the most common type of search. Patentability searches should include all prior art, but typically will include only an on-line search of United States patents. A brief opinion is typically prepared in connection with a patentability search for the purpose of informing the client of the result of the search. The cost associated with a search is directly related to the type of search and corresponding level of detail required. We currently perform patentability searches and provide patentability opinions for a fixed fee of \$750.00. However, fees associated with infringement searches, "state of the art" searches and validity searches vary widely, from less than one thousand dollars for a basic search, to tens of thousands of dollars for a full validity search.

Patent Prosecution

The filing of a patent application and correspondence with the US Patent and Trademark Office (PTO) to obtain a patent is commonly referred to as "patent prosecution". Patent prosecution begins with the drafting and filing of a patent application. Under current US law, patent applications may be provisional or non-provisional.

A provisional patent application is essentially a full patent application without claims and, therefore, is not examined by the PTO. Rather, it may be referenced in a non-provisional application, filed within one year of the provisional application, to establish the earlier filing date. A non-provisional patent application is a complete application, including claims, which is filed with and examined by the PTO.

A provisional application is generally appropriate where additional time is desired to determine the market for the invention as the filing fees are reduced to \$105.00 for a small entity compared with \$515.00 for a non-provisional application and the legal fees are typically up to \$1,000.00 less than for a corresponding non-provisional application.

The preparation of a patent application involves significantly more than the completion of standard forms. Rather, it involves the preparation of drawings and the drafting of a discussion of the background surrounding the invention, a summary, a detailed description of the drawings, claims and an abstract. Accordingly, a typical non-provisional patent application will be between 15 and 25 pages in length, excluding the drawings, and will cost between \$4,000 and \$6,000 to prepare.

The patent application process begins with the completion of a Record of Invention form and drafting of an invention disclosure. Once this form and disclosure are completed, we review them, determine a fixed fee, or cost estimate, for preparing a patent application, and forward a Representation Agreement to the inventor outlining the services to be provided and the fees for performing those services. The inventor will then return the signed Agreement, a retainer, and answers to any questions posed by the attorney, and the application will be docketed.

In most cases, the patent drafting process begins with a patentability search. This search acts both as a screening process for unpatentable inventions as well as a means for writing a patent application that clearly demonstrates which portions of the invention are old and which are new. Should an invention be found to be unpatentable, or of questionable value, based upon this search, the client given the opportunity to halt further prosecution services, resulting in a refund of the client's retainer minus the cost of performing the search. Should the search not uncover anything that would jeopardize patentability, the application is drafted based upon the disclosure and the prior art.

Before filing an application, a completed draft is sent to the client for review and comment, we edit the draft application based upon the client's comments, and a final draft, including all necessary forms, is forwarded to the client for review and signature. Upon receipt of the final draft and filing forms from the client, the application will generally be filed within two business days (unless circumstances mandate same day filing).

Patent Licensing and Litigation

A patent provides its owner with the right to exclude others from making, using or selling the claimed invention. In order to profit from this right of exclusion, a patent owner must either license the rights in exchange for royalties, or enforce it against others in order to prevent competition, allowing the owner to garner a higher price for products sold under the patent.

Patent licensing is a specialized form of contract negotiation and drafting that is typically performed on an hourly basis. A patent license will generally cost between \$1,000 and \$5,000 to negotiate and draft, depending upon the number of parties, due diligence requirements, and the involvement of the client.

Patents are enforced through the preparation of enforcement letters and, if necessary, the institution of litigation in Federal District Court. The preparation of enforcement letters appears to be innocuous, but is, itself, a highly specialized exercise. Before enforcement letters are sent, infringement opinions should be prepared to insure that the patent is not being misused, which could result in unenforceability of the patent. Further, once a favorable opinion is prepared, care must be taken when writing the letter in order to avoid exposure to a Declaratory Judgment action in a foreign jurisdiction. Accordingly, a patent enforcement letter will typically cost between \$1,000 and \$3,000 to prepare.

The prosecution and defense of patent litigation are similar to other forms of complex litigation and, like other complex litigation, can be extremely expensive. It is our policy to prepare a comprehensive and detailed litigation plan, and require that client provide a substantial retainer, typically between \$10,000 and \$20,000, before filing any complaint alleging patent infringement or undertaking the defense of any client who has been sued for patent infringement.

In selected instances, we accept patent litigation cases on a contingent fee basis. However, the retainer in these cases is also relatively large given the high costs of experts, travel and deposition costs associated with such actions.

TRADEMARKS

Trademark Searching

A trademark search should be performed prior to the use and/or registration of any new mark. These searches typically take four forms:

- *Availability searches*: Searches of a number of potential names to determine which appear to be available for registration. Such a search typically involves a search of all federally registered trademarks and will result in a report detailing those marks most likely to be available for use. These searches vary greatly in cost and are performed on an hourly basis. Further, once a mark is decided upon, a full clearance search must be performed before filing a registration.

- *Clearance searches:* Searches performed prior to registering a trademark is commonly called a "clearance search". Such a search involves a search of all federal, state and common law trademarks using a fee based database, and an opinion is generally prepared relative to the registerability of the mark. We charge a fixed fee of \$500 for performing a clearance search and providing a registerability opinion.
- *Infringement searches:* Searches performed prior to use of a trademark that will not be federally registered. An infringement search typically involves a search of federal and state registered trademarks, and will result in an opinion regarding the client's ability to use the mark. These searches vary greatly in cost and are performed on an hourly basis.
- *Enforcement/watch searches:* Searches of the USPTO database and Internet to identify marks that conflict with a client's registered marks. Such a search will result in an opinion regarding the potential for opposition and/or infringement proceedings.

Trademark Registration

Trademark rights are acquired through use and unregistered trademarks and trade names may be protected in the courts through the common law of unfair competition. However, federal trademark registration offers significant advantages including the ability of the owner to sue in federal court and to keep infringing products from being imported into the United States. Unregistered, or state registered, trademarks are denoted by the symbol "tm" while federally registered trademarks are denoted by the symbol "®".

United States trademark registration involves an examination by the Patent and Trademark Office to determine whether the mark is distinctive and whether it is likely to be confused with another registered mark. Once granted, a registered trademark can last indefinitely through renewal and continued use, provided the mark is not abandoned or becomes generic.

In the event that a client wishes to obtain a federally registered trademark, we will perform a clearance search and prepare and file applications for trademark registration on their behalf. The total fixed fee for this service is \$1,125, which represents \$750 for the clearance search and \$375 for the preparation and filing of the necessary paperwork, exclusive of government filing fees.

Trademark Opposition / Cancellation

If a mark survives the examination process, it is published for opposition in the Official Gazette of the PTO. Opposition is a proceeding where a third party claims that the trademark applicant is not entitled to registration of the mark. This may be because of an existing common law trademark right, an argument that the mark would cause confusion or is not distinctive, or other basis for denying registration. Cancellation proceedings are similar to opposition proceedings, except that the mark has already been registered and, therefore, the burden of proof is higher for those seeking cancellation.

We represent clients in both the filing and defense of opposition and cancellation proceedings. In the case of opposition filings, we will perform periodic watch searches to insure that the opposition is timely filed.

Because opposition and cancellation proceedings are inter-parties proceedings, the fees associated with them are similar to those incurred during civil litigation. Accordingly, it is our policy to prepare a comprehensive and detailed "litigation" plan, and require that client provide a retainer, typically between \$3,000 and \$5,000, before filing any opposition or cancellation, or undertaking the defense of any client who is involved in such a proceeding.

Trademark Litigation

If a trademark is infringed, the trademark owner will have a number of choices for bringing suit including whether to bring suit in federal or state court and what particular legal theories to pursue. Under federal law, a trademark is infringed if the accused infringing mark is "likely to cause confusion, or to cause mistake, or to deceive". Proof of actual confusion is not required, though can be effective at proving a likelihood of confusion. If trademark infringement is found, the trademark owner has a number of available remedies. The owner may seek an injunction to stop continued infringement, may seek monetary damages, both actual and punitive, or an award of the infringer's profits, may move for impound and destruction of the infringer's profits, and seek an award of attorneys' fees.

As is the case with all litigation matters, it is our policy to prepare a comprehensive and detailed litigation plan, and require that client provide a retainer, typically between \$5,000 and \$10,000, before filing any trademark infringement action, or undertaking the defense of any client who is involved in such an action.

COPYRIGHTS

Copyright Registration

Copyright registration is a relatively simple procedure involving the completion and submission of a registration form, the deposit of two copies of the work with the U.S. Copyright Office, and the payment of a \$30.00 registration fee. Typically, the Office makes no examination and the copyright issues as a matter of course. However, the Copyright Office may reject the work as not being directed to copyrightable subject matter if the work is useful, or falls within one of the following categories: titles, words, phrases, type face designs, underlying ideas, recipes, blank forms, facts, history, or standard literary devices such as street scenes, scenic backgrounds, etc.

We typically prepare and file copyright registrations for a fixed fee of \$225 per registration, but in many instances will simply teach the client to prepare and file the registrations themselves.

Copyright Licensing

Like patent licensing, copyright licensing is a specialized form of contract negotiation and drafting that is typically performed on an hourly basis. A copyright license will generally cost between \$1,000 and \$3,000 to negotiate and draft, depending upon the number of parties, due diligence requirements, and the involvement of the client.

Copyright Infringement

If a registered copyright is infringed, the owner of a registered copyright has the right to sue for infringement. To prove copyright infringement, an owner must establish ownership of the work and copying by the defendant. Once this has been established, the defendant bears the burden of proving that it is not liable because of fair use, innocent infringement or some other affirmative defense. If the defendant is unsuccessful in proving an affirmative defense, the copyright owner is entitled to receive damages. Under the copyright laws, a copyright owner may sue for actual damages incurred due to the infringement, or for statutory damages, which require no proof of actual damage. The amount of statutory damages awarded to the owner is within the discretion of the trial judge, but normally are limited to between \$500 or \$20,000 per act of infringement. However, statutory damages are only available to those who have registered their copyrights prior to the acts of infringement. If the infringement is willful, generally meaning that the infringer had actual knowledge of the copyright and went forward anyway, then the court may award up to \$100,000. If, however, the infringement is found to be innocent, the court may also reduce these damages below the usual \$500 minimum.

As is the case with all litigation matters, it is our policy to prepare a comprehensive and detailed litigation plan, and require that client provide a retainer, typically between \$2,000 and \$4,000, before filing any copyright infringement action, or undertaking the defense of any client who is involved in such a action.

RELATED SERVICES

In addition to the services described above, Mike also performs a number of related intellectual property services. The following is a partial listing of these related services:

Intellectual Property Auditing Services

All businesses have intellectual property of some kind or another. Whether it is a list of customers, marketing plans, new designs or other trade secrets, failing to provide adequate protection for these assets can result in their loss. However, many businesses do not know whether their current policies and procedures are adequate to protect their assets. Because of this, Mike offers comprehensive intellectual property auditing services tailored to each particular business. These audits are typically performed on a fixed fee basis and involve an investigation into the company's existing policies and procedures, the preparation of a comprehensive audit report, and the generation of a list of any modifications in current policies and procedures necessary to provide adequate protection. If desired, Mike has prepared an extensive collection of policies and

procedures that can be tailored to meet your needs and training programs to implement these new policies and procedures.

Intellectual Property Educational Services

Many companies employ multiple people who are each involved in the development of intellectual property. Unfortunately, employees are often unaware of adverse consequences that may flow from their actions, or their failure to take certain actions, in connection with the company's intellectual property. Mike is an accomplished writer and public speaker and tailors intellectual property related educational seminars and related materials to meet the needs of specific clients.

I.P. Due Diligence Services

In many companies, intellectual property is the company's principal asset. However, lenders, purchasers, stockholders and the like often accept the value of this property without performing an adequate investigation of the validity and enforceability of the intellectual property in question. Mike is qualified to perform the intellectual property due diligence that is necessary to insure that the risk being taken by completing the transaction is an informed risk.

Internet Legal Consulting

We keep abreast of new developments in the area of Internet law and offer Internet legal consulting focusing upon a thorough review of site content and an identification of potential problem area. By addressing these areas up-front, the chance of being found liable for copyright or trademark infringement can be reduced, with a favorable opinion essentially eliminating any chance of a finding of willful infringement (and the treble damages and attorneys fees that go with such a finding).

Expert Witness Services

Mike is qualified to serve as an expert witness in intellectual property cases and has served in this capacity in the past.

Music Business Agreements and Licensing

Mike has served clients in the music business and is familiar with the negotiation and drafting of business and legal agreements that are common to this area of the law.

Software Business Agreements and Licensing

Mike has served a number of software developers and is familiar with the negotiation and drafting of business and legal agreements that are common to this area of the law.